

Introduced by Senator Calderon

February 26, 2009

An act to amend Section 10127.7 of, and to add Section 789.15 to, the Insurance Code, relating to life insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 397, as introduced, Calderon. Life insurance.

Existing law regulates the sale of life insurance, in particular sales to seniors, including annuities, as specified.

This bill would provide that if a senior makes a written or telephonic request for a meeting the same day to discuss the purchase of specific life insurance having an initial face amount of \$15,000 or less that is designated by the purchaser for payment of funeral and burial expenses, a notice, as specified, shall be delivered to the senior prior to the start of the meeting.

The bill would also provide that the sale of a burial or funeral policy shall not create an existing insurance relationship for the purposes of the required delivery of a specified written notice to seniors 24 hours before meeting in their home to sell other life insurance.

Existing law provides that life insurance policies with a face value of less than \$10,000, issued after July 1, 1974, shall contain a notice permitting the return of the policy within a period of time designated in the notice, which may not be less than 10 or more than 30 days.

This bill would provide that a life insurance policy with a face value of \$15,000 or less, issued after January 1, 2010, shall contain a notice permitting the return of the policy within 45 days.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 789.15 is added to the Insurance Code, to read:

789.15. If a senior makes a written or telephonic request for a meeting the same day to discuss the purchase of specific life insurance having an initial face amount of fifteen thousand dollars (\$15,000) or less that is designated by the purchaser for payment of funeral and burial expenses, a notice as required by subdivision (b) of Section 789.10 shall be delivered to the senior prior to the start of the meeting. In addition to the requirements of Section 789.10, that notice shall contain the following information in at least 14-point type, and be initialed by the senior:

“You have the right to cancel and return a policy or certificate within 45 days of receipt for a full refund.”

The notice must be read and signed by the senior and submitted with any application if the senior purchases a policy. The agent or insurance representative shall not be permitted to sell any other lines of insurance that are not policies for funeral or burial expenses. A sale of a burial or funeral policy under this section shall not create an existing insurance relationship for purposes of Section 789.10.

SEC. 2. Section 10127.7 of the Insurance Code is amended to read:

10127.7. Every policy of individual life insurance with ~~a an~~ initial face value of ~~less than ten thousand dollars (\$10,000) which~~ *fifteen thousand dollars (\$15,000) or less that* is delivered or issued for delivery in this state on and after ~~July 1, 1974, January 1, 2010,~~ shall have printed thereon or attached thereto a notice stating that, after receipt of the policy by the owner, the policy may be returned by the owner for cancellation by delivering it or mailing it to the insurer or to the agent through whom it was purchased. The period of time set forth by the insurer for return of the policy by the insured shall be clearly stated on the notice and this period shall be not less than ~~10 days nor more than 30~~ 45 days. The insured may return the policy to the insurer at any time during the period specified in the notice. This delivery or mailing of the policy by the owner shall void the policy from the beginning, and the parties shall be in the same position as if no policy or contract had been

1 issued. All premiums paid and any policy fee paid for the policy
2 shall be refunded to the owner.

3 This section applies to all policies issued, ~~amended, or delivered~~
4 ~~in this state on or after January 1, 1981, but prior to January 1,~~
5 ~~1990, on or after January 1, 2010,~~ and applies to any renewal
6 thereof. All policies subject to this section which are in effect on
7 January 1, ~~1981,~~ 2010, shall be construed to be in compliance with
8 this section, and any provision in ~~such~~ a policy ~~which~~ *that* is in
9 conflict with this section shall be of no force or effect.

10 This section does not apply to individual life insurance policies
11 issued in connection with a credit transaction or issued under a
12 contractual policy change or conversion privilege provision
13 contained in a policy.